



ANNUAL REPORT

For the Year Ended
December 31, 1942

STORES CO.

424 NORTH NINETEENTH STREET

PHILADELPHIA, PA.

OFFICE OF THE PRESIDENT

To the Stockholders of
American Stores Company:

The annual report of your Company for the year 1942 is presented herewith, accompanied by certificate of Barrow, Wade, Guthrie & Co., independent public accountants.

Sales volume in 1942 was higher than in any previous year. Total sales at retail stores amounted to \$206,562,966. as compared with \$157,677,475. for the year 1941, an increase of 31%. Sales to U. S. Government Agencies, etc., aggregated \$2,542,586. in 1942 as compared with \$769,151. in 1941. Consolidated net income was \$2,008,865. or \$1.54 per share, after deducting Federal and State income and excess profits taxes of \$3,643,000. This compares with 1941 net income of \$2,160,429. or \$1.66 per share, after Federal and State income taxes of \$1,160,000.

There were 2,099 retail stores in operation at the end of the year, contrasting with 2,130 units at the beginning of the year. During the year, 62 new self-service Acme Markets were opened; however, this development has practically stopped as a result of War Production Board Order L-41, issued April 9, 1942, prohibiting new construction and limiting alteration work.

In December 1942 your Company acquired a meat packing plant, located in Lincoln, Nebraska, which is being operated by Lincoln Packing Company, a newly formed, wholly owned subsidiary. The new subsidiary is supplying some of the meat requirements of your Company's retail stores, although a substantial portion of present output is being sold to the U. S. Government.

Expenditures for additions to fixed assets during the year, including the meat packing plant, amounted to \$1,152,420. as compared with \$2,276,662. for the preceding year. Depreciation in the amount of \$1,248,058. was charged against operations, as compared with \$1,151,979. in 1941.

During the year 1942, four dividends aggregating \$1.00 per share were declared, including a dividend of 25c per share payable January 2, 1943. A dividend of 25c per share was declared on January 20th, payable April 1, 1943, to stockholders of record on February 20, 1943.

At the close of 1942 there were 2,173 Company employees in the armed forces of our country.

It is with a feeling of sadness that we record the death of Mr. Robert H. Crawford on July 26, 1942. Mr. Crawford was one of the founders of this Company and a prominent figure in his field. He served as Vice-President in charge of buying and as a Director of the Company from its inception up to the time of his death.

Respectfully submitted,

WILLIAM PARK,
President.

February 27, 1943

AMERICAN STORES COMPANY

and Subsidiary Companies

Consolidated Balance Sheet

December 31, 1942

ASSETS	
Current Assets	
Cash.....	\$ 6,872,963.89
Accounts Receivable:	
Due from Relief Agencies.....	\$ 98,641.53
Other Accounts Receivable.....	<u>646,099.01</u>
Inventories—at lower of cost or market.....	20,531,260.09
Total Current Assets.....	<u>28,148,964.52</u>
Mortgages, etc.....	163,228.72
Post-War Refund of Federal Excess Profits Tax.....	<u>4,000.00</u>
Fixed Assets	
Land, Buildings, Machinery, Equipment, Fixtures, etc.—at cost.....	22,314,911.99
Less: Reserve for Depreciation	<u>9,381,821.42</u>
Unamortized Cost of Leasehold Improvements.....	277,628.10
Goodwill.....	1.00
Deferred Charges	
Prepaid Insurance, Taxes, etc.....	<u>393,571.60</u>
	<u>\$41,920,484.51</u>
LIABILITIES AND CAPITAL	
Current Liabilities	
Notes Payable—Banks.....	\$ 3,450,000.00
Accounts Payable and Accrued Charges.....	4,262,290.45
Dividend Payable January 2, 1943.....	325,330.00
Accrued Federal and State Taxes.....	730,786.58
Reserve for Federal Income and Excess Profits Tax \$ 3,504,716.06	
Less: U. S. Treasury Tax Notes.....	<u>2,000,000.00</u>
Total Current Liabilities.....	<u>10,273,123.09</u>
Reserve for Contingencies.....	623,778.26
Capital Stock and Surplus	
Common Stock—no par value	
1,500,000 shares authorized	
1,400,000 shares issued.....	19,374,156.46
Earned Surplus.....	<u>15,169,536.01</u>
	<u>34,543,692.47</u>
Less: Treasury Stock—98,680 shares.....	<u>3,520,109.31</u>
	<u>\$41,920,484.51</u>

AMERICAN STORES COMPANY

and Subsidiary Companies

Statement of Consolidated Income and Surplus for the Year Ended December 31, 1942

INCOME ACCOUNT

Sales		
Retail Stores.....		\$206,562,966.92
U. S. Government, etc.....		2,542,586.94
Total Sales.....		<u>209,105,553.86</u>
Cost of Sales and Operating Expenses		
Cost of Merchandise Sold, including		
Warehousing and Transportation Expenses	\$175,287,148.11	
Wages, Rents, Advertising, Operating and		
Administrative Expenses	26,027,257.93	
Social Security Taxes	839,238.43	
Depreciation	1,248,058.87	203,401,703.34
Profit from Operations		<u>5,703,850.52</u>
Interest on Bank Loans, etc.....	66,607.27	
Less: Income from Investments, etc.....	14,622.17	51,985.10
Profit before Income Taxes.....		<u>5,651,865.42</u>
Federal and State Income Taxes.....	1,060,000.00	
Federal Excess Profits Tax (less debt retirement		
credit of \$283,000. and post-war refund of \$4,000.)	2,583,000.00	3,643,000.00
Net Income.....		<u><u>\$ 2,008,865.42</u></u>

EARNED SURPLUS

Balance—December 31, 1941.....	\$ 14,461,990.59
Net Income for year 1942	2,008,865.42
	<u>16,470,856.01</u>
Dividends—\$1.00 per Share.....	1,301,320.00
	<u><u>\$ 15,169,536.01</u></u>

BARROW, WADE, GUTHRIE & CO.

ACCOUNTANTS AND AUDITORS

GIRARD TRUST BUILDING

PHILADELPHIA, PA.

*To the Board of Directors of the
American Stores Company:*

We have examined the consolidated balance sheet of the American Stores Company and its subsidiary companies as of December 31, 1942, and the statement of consolidated income and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related statement of consolidated income and surplus present fairly the consolidated position of the American Stores Company and its subsidiary companies at December 31, 1942, and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

BARROW, WADE, GUTHRIE & CO.

Auditors.

Philadelphia, Pa.

February 20, 1943.

American Stores Company

OFFICERS

<i>President</i>	William Park
<i>Vice-President and General Manager</i>	James K. Robinson
<i>Vice-President and Treasurer</i>	Wm. M. M. Robinson
<i>Vice-President and Secretary</i>	E. J. Flanigan
<i>Vice-President</i>	Fred W. Johnson
<i>Assistant Treasurer</i>	Wm. Gould
<i>Assistant Secretary</i>	J. V. Keers

DIRECTORS

Samuel Robinson	William Park
E. J. Flanigan	Wm. M. M. Robinson
James K. Robinson	Joseph Gilfillan
John M. Hancock	Wm. Gould
Fred J. Heaney	